

MINUTES
May 3, 2001

Seattle City Employees' Retirement System
Regular Board Meeting

Thursday, May 3, 2001 - 9:30 a.m.
Seattle Metropolitan Credit Union
Conference Room – 3rd Floor

Present: Jan Drago, Dwight Dively, Jim Fletcher, Lou Walter, John Curtin and Frank Mathews.

Absent: Norma McKinney

Also Present: Russ Teller – ARSCE, Eddie Haw – ARSCE, Bill Farrell – ARSCE, Jim Coover – ARSCE, Jack Fahlstrom – RCLEA/ARSCE, Ed Kidd – ARSCE, Walter North – ARSCE, Karen Steffen and Carl Hansen – Milliman & Robertson, Roger Howeler, Neil Rue – Pension Consulting Alliance, Mel Robertson and Norm Ruggles.

Upon motion by Frank Mathews, seconded by Dwight Dively, the Retirement Board appointed Jim Fletcher to serve as Chair of the meeting in the absence of Jan Drago. (Ms. Drago arrived shortly thereafter.)

Public Comment: Eddie Haw passed out some old graphs he found in his basement that describe the COLA's that various other retirement systems provide. Jim Coover congratulated Lou Walter on the unopposed election. Barbara Guptill was introduced as the new president of ARSCE.

Minutes:

Upon motion by Dwight Dively, seconded by Frank Mathews, the Retirement Board approved the minutes from the April 5, 2001 Retirement Board meeting.

Ratification of Retired Payroll, Office Payroll, other Billings and Withdrawals:

Information: The following items represent normal expenses and nothing extraordinary.

Service	\$ 4,409,837.53
Disability	51,345.86
Beneficiary	556,238.30
Pension Payroll – April 2001	\$ 5,017,421.69

Office Payroll - pay period ending March 27, 2001	\$ 20,778.19
Office Payroll - pay period ending April 10, 2001	\$ 20,478.28

Vouchers Processed - from March 29, 2001 through April 23, 2001	\$ 242,750.51 *
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* \$ 201,355.08 Expert and Consultant Services

Upon motion by Frank Mathews, seconded by Dwight Dively, the Board ratified the Retired Payroll, Office Payroll, other Billings and Withdrawals.

Immediate Withdrawal of Contributions

<u>Member</u>	<u>Department</u>	<u>Position</u>
Billones, Barbara Sharon Buenio	Light	Electrical Engineer
Gomez, Marcos	DHHS	Rehab. Specialist
Harrold, Cecilia M	Seattle Center	Acct. Tech. III
Hildreth, Laura Ramona	ESD	Office Manager
Martin, Gina Maria	Light	CSA
Mc Lean, Martin C	Sea Tran	Structural Painter
Ramac, Renato Junio	SPU	Server Maintenance
Schneider, Wendy Jewel	Library	Library Associate
Shaw, Penelope Christine	DCLU	Admin. Spec. I
Shenk, Carol M	Legislative	Research & Eval. Asst.
Smith, Covie V	SPU	Sr. Water Maint. Spec.
Thomson, Natalie	DHHS	Grants & Contracts Spec.
Tuipulotu, Siosifa	Park	Laborer
Yeager, Stephen L	HSD	Grants & Contracts Spec.

Ratification of Service Retirements:

Information: The following list represents the retirements that have been processed since the last Retirement Board meeting.

<u>Member</u>	<u>Retired</u>	<u>Years</u>	<u>Days</u>	<u>Department</u>	<u>Position</u>	<u>Age</u>	<u>Option</u>
Bain, Gary	04/03/2001	26	102	Parks	Plumber	54	C20,G-100
Banta, Doug	03/16/2001	19	341	Parks	Heating Plant Technician	63	S
Buck, Harvey W.	04/04/2001	30	15	City Light	Material Supplier	57	S,F,G-50
Castner, Thomas	04/11/2001	30	300	SPU	Manager II, Utilities	49	A,G-50
Clanton, Willie Jr.	03/03/2001	36	96	Metro Transit	Chief of Base Operator	57	S
Fay, Jerry	04/01/2001	0	307	Dual Member	Engineers/Asst. Civil	57	S,G-100
Flotten, John	03/28/2001	5	193	Muni Courts	Muni Court Marshall	65	E
Gardner, Leonard	04/05/2001	11	38	DCLU	Permit Technician	57	D
Gentleman, Patricia	04/11/2001	30	18	SPU	Accountant	55	A
Graczyk, Daniel	03/31/2001	2	327	Dual Member	Metro/Operator	54	S
Hackley, Garold	03/03/2001	15	225	City Light	Wastewater Treatment Plant	64	S,G-100
Harrison, Phillip	03/31/2001	28	68	SEATRAN	Strategic Advisor III	54	E
Knutson, Larry	04/11/2001	30	87	SEATRAN	Assoc. Civil Engrng	56	S,G-100
Lagonoy, Bob	04/04/2001	26	279	City Light	Acct Tech II	61	E,G-50
Ludlum, Margaret	04/04/2001	22	296	SPU	Manager II	57	S
McConnell, Sharon	03/14/2001	7	357	City Light	Personnel Specialist	62	C20,G-50
Miller, Ola D.	04/03/2001	30	2	Parks	Recreation Center	52	C10,F,G-50
Nishimoto, Frances	03/03/2001	25	325	K.C. Health	Admin Spec III	1 59	D
Reberg, Eileen	03/03/2001	22	217	City Light	Admin Spec I	72	B
Sharpe, Everett L.	03/02/2001	23	258	City Light	Communication Electrician	60	E
Swanigan, Kenneth	03/03/2001	31	193	DCLU	Housing/Zoning Inspector	65	C20,G-50
Turner, Jerry	04/03/2001	10	161	SPU	Forest Maintenance Worker	62	D
Umbach, Fredrich P.	04/03/2001	22	178	City Light	Structural Iron Worker	62	E

Werle, Leeland	04/11/2001	33	277	Parks	Zoo Curator	59	B
Winge, Kathleen	03/14/2001	30	85	ESD	Info Tech Prof B	54	C20
Wong, Sik	04/11/2001	26	50	DCLU	Structural Plans Engineer	64	E,G-100

Upon motion by Frank Mathews, seconded by Dwight Dively, the Retirement Board approved the service retirements listed above, pending final review.

Ratification of Investment Transactions and Statement of Securities and Cash:

Upon motion by Dwight Dively, seconded by Jim Fletcher, the Retirement Board approved the investment transactions and the statement of securities and cash.

Investment Committee Report:

It was announced that the Investment Committee and the Investment Advisory Committee are scheduled to meet at noon on Wednesday, May 30, 2001 in the Retirement Office with Wurts & Associates to review the investment performance for the first quarter of 2001.

Neil Rue from Pension Consulting Alliance explained the background, methods and process undertaken for the recently completed Asset/Liability Study and presented the modeling results and the allocation that was selected by the consensus of all of those who were part of the process. This mix maintains a conservative level of risk, similar to the mix currently in place, but provides for the possibility of greater returns. There was extensive discussion among the Board, consultants and staff.

Upon motion by Lou Walter, seconded by Frank Mathews, the Retirement Board approved the asset allocation selected by the consultants, Investment Committee and Advisory Committee.

Norm Ruggles discussed the April 25, 2001 Investment Committee meeting, and presented the recommendations of the Investment Committee to terminate the emerging markets accounts managed by Dimensional Fund Advisors and Capital Guardian, and to terminate the relationships with Bridgewater and Standish Ayer who currently manage international fixed income accounts, due to the new asset allocation that eliminates these asset categories.

Upon motion by Dwight Dively, seconded by Lou Walter, the Retirement Board ratified the termination of the emerging markets managers, Dimensional Fund Advisors and Capital Guardian.

Upon motion by Dwight Dively, seconded by Lou Walter, the Retirement Board ratified the termination of international fixed income managers Bridgewater and Standish Ayer.

Executive Director Report:

The following summarizes the Executive Director's monthly report to the Board:

1. Norm described a problem with a rate increase charged by retiree medical provider Regence, and explained how the problem will likely be resolved. He will meet with Regence representatives to hear and review their proposed resolution to the problem.
2. The ordinance approved by the Board which will revise and update the Municipal Code sections on the amount of retirement benefits has been submitted to City Council. The ordinance has already been approved by the Council's Finance, Budget and Economic Development Committee, and Norm thanked Jan Drago for her assistance.
3. Norm distributed to the Board the Investment Advisory Committee's Annual Report for Year 2000.
4. Norm discussed with the Board the procedures for an appeal of a staff decision which may be presented to the Board at the June meeting.

Old Business:

(1) Status of Benefit Enhancements	(Old Business)
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Norm reported that Mary Kay Doherty has been asked to draft legislation to enact the cost of living adjustments and service credit buyback opportunities recommended by the Board, so there will not be a drafting delay if the recommendations are ultimately approved in labor negotiations. Mary Kay is seeking the advice of outside counsel on tax questions regarding the buybacks.

Data has been furnished to Milliman & Robertson so they can prepare the updated actuarial valuation needed to evaluate possible COLA improvements raised by the unions in labor negotiations.

New Business:

(1) Board Election	(New Business)
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Upon motion by Dwight Dively, seconded by Jim Fletcher, the Retirement Board declared Lou Walter the winner of the election to serve another 3-year term on the Board of Administration. Mel Robertson stated there were no opposing candidates.

(2) Report on Mortality Study – Milliman & Robertson	(New Business)
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Karen Steffen discussed the mortality experience study for the period from January 1, 1996 to December 31, 1999. She recommended no assumption changes based on the study.

Upon motion by Dwight Dively, seconded by Lou Walter, the Retirement Board voted to accept the results of the mortality study performed by Milliman & Robertson, and the recommendation to leave the current actuarial assumptions in place.

Mel described the disability application of Ernestine De La Cruz.

Upon motion by Dwight Dively, seconded by Frank Mathews, the Retirement Board voted to approve the application for disability retirement for Ernestine De La Cruz.

Adjournment

Upon motion by Frank Mathews, seconded by Jan Drago, the Retirement Board voted to adjourn the meeting.

Norma McKinney, Secretary